

**DEPARTMENT OF MENTAL HEALTH,  
RETARDATION AND HOSPITALS  
COMMUNITY COUNSELING CENTER, INC.  
REPORT ON CONTRACT COMPLIANCE  
FISCAL YEARS ENDED JUNE 30, 2002 AND 2001**

**DEPARTMENT OF ADMINISTRATION  
BUREAU OF AUDITS  
ONE CAPITOL HILL  
PROVIDENCE, RI 02908-5889**



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration  
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One Capitol Hill  
Providence, R.I. 02908-5889  
TEL #: (401) 222-2768  
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DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
COMMUNITY COUNSELING CENTER, INC.  
REPORT ON CONTRACT COMPLIANCE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001

**EXECUTIVE SUMMARY**

We had no significant findings to report for the fiscal years ended June 30, 2002 and 2001 and, as such, contain no recommendations.

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
COMMUNITY COUNSELING CENTER, INC.  
FISCAL YEARS ENDED JUNE 30, 2002 AND 2001

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January 23, 2004

Ms. Jane A. Hayward, Interim Director  
Department of Mental Health, Retardation and Hospitals  
Barry Hall - 1  
14 Harrington Road  
Cranston, RI 02920-3080

Dear Ms. Hayward:

We have completed an audit of the contracts between the Department of Mental Health, Retardation and Hospitals (MHRH) and Community Counseling Center, Inc., for the fiscal years ended June 30, 2002 and 2001.

The results of our engagement included herein, have been discussed with management and we have considered their comments in the preparation of our report. Since this report discloses no significant findings and recommendations, no written response is necessary as required by Section 35-7-4 of the General Laws.

We wish to express our appreciation to the officials of the Department of MHRH and to the director and staff members of Community Counseling Center, Inc., for the assistance, cooperation and courtesies extended to us during the course of this engagement.

Sincerely,

Frank J. Collaro, Jr., CFE, CGFM  
Acting Chief, Bureau of Audits

FJC:pp

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
COMMUNITY COUNSELING CENTER, INC.  
FISCAL YEARS ENDED JUNE 30, 2002 AND 2001

**SCOPE AND PURPOSE**

The purpose of this examination was to determine compliance with your department's Rules, Regulations and Standards for Funding of Matching Grant Programs in Community Mental Health Centers to the Matching Grant Contracts and with the terms and conditions contained within the Community Support, Residential and Acute Alternative Services Contracts as to:

- whether revenues were matchable or nonmatchable;
- total matchable revenue used as the basis for funding fiscal years 2004 and 2003;
- whether reported expenses were allowable and properly allocated;
- whether reported revenues were accurate; and
- any over or under funding on behalf of the Department of Mental Health, Retardation and Hospitals.

Our audit of the financial records included verification of revenues and expenses through testing procedures to the extent we deemed necessary in the circumstances. Occupancy requirements and resident contributions were examined for adherence to contract specifications. Client fund management was reviewed for conformance with applicable policies and guidelines.

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
COMMUNITY COUNSELING CENTER, INC.  
FISCAL YEARS ENDED JUNE 30, 2002 AND 2001

**BACKGROUND**

Section 40.1-8.5-6 of the General Laws of the State of Rhode Island authorizes the Director of the Department of Mental Health, Retardation and Hospitals (MHRH) to make grants to community mental health centers to provide mentally disabled adults services which shall include but not be limited to psychiatric, medical, nursing, psychological, social, rehabilitative and support services provided in the prevention, diagnosis, treatment and follow-up of mental disabilities, and in addition, may include those services designed to prevent mental disabilities or be of a consultative, informational or educational nature about mental disabilities. It is under this authorization that Community Counseling Center, Inc., operates.

It is the intent of the law that an individual's eligibility to receive any public or private assistance be exhausted prior to the expenditure of state and local monies.

The Center's administrative offices are located at 249 Roosevelt Avenue, Pawtucket, Rhode Island.

The Center owns buildings at 101-103 Bacon Street, Pawtucket, R.I., which houses Children's Intensive Services, Psych Rehabilitation Services, IPS Program, Outpatient Medication Maintenance, Case Work and the Mobile Treatment Team.

The Center is an affiliate of Gateway Healthcare, Inc., a nonprofit regional corporation.

The Center is governed by a board of directors consisting of not more than 21 nor less than 15 individuals elected annually.



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Ms. Jane A. Hayward, Interim Director  
Department of Mental Health, Retardation and Hospitals  
Barry Hall - 1  
14 Harrington Road  
Cranston, RI 02920-3080

Dear Ms. Hayward:

We have performed the procedures enumerated below, which were agreed to by the Department of Mental Health, Retardation and Hospitals (MHRH) and Community Counseling Center, Inc. (Center), solely to assist the users in evaluating management's assertion about the Center's compliance with the Division of Behavioral Healthcare Service's Rules, Regulations and Standards for Funding of Matching Grant Programs in Community Mental Health Centers to the Matching Grant contract and with the financial terms and conditions contained within the Community Support, Residential and Acute Alternatives Services contract during the fiscal years ended June 30, 2002 and 2001, included in the accompanying Report on Contract Compliance. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

For purposes of this engagement we tested compliance with the above-mentioned specified requirements for determining matchable revenues, allowable costs, accuracy of reported activities and any excess funding on behalf of MHRH. Based on the application of the procedures referred to above, we became aware of revenues exceeding expenses for the fiscal years ended June 30, 2002 and 2001 with the Community Support, Residential and Acute Alternatives Services Contracts, which is discussed in the Findings section of this report. There were no other matters of noncompliance with provisions contained in the financial terms and conditions with the contracts stated above.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Ms. Jane A. Hayward, Interim Director

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This report is intended solely for the use of MHRH and the Center and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

A handwritten signature in black ink that reads "Frank J. Collaro, Jr." with a stylized flourish at the end.

Frank J. Collaro, Jr., CFE, CGFM  
Acting Chief, Bureau of Audits  
August 15, 2003

FJC:pp

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
COMMUNITY COUNSELING CENTER, INC.  
STATEMENT OF REVENUES AND EXPENSES  
FISCAL YEAR ENDED JUNE 30, 2002

	Community Support Residential, and Acute Alternatives	Adult General Outpatient	Other Programs	Total
<u>Revenues</u>				
MHRH -CSS	\$ 631,450	-	-	631,450
MHRH - AGOP	159,903	28,355	-	188,258
DCYF	-	-	978,706	978,706
Other Grants & Contracts	149,465	-	77,879	227,344
Title XIX Medicaid	5,891,801	17,933	3,613,994	9,523,728
Municipalities	30,000	20,396	7,961,528	8,011,924
Donations	-	-	59,212	59,212
Resident Fees	120,106	-	-	120,106
Program Fees	60,403	146,056	247,545	454,004
Third Party Fees	58,716	768,750	132,539	960,005
Total Revenues	\$ 7,101,844	981,490	13,071,403	21,154,737
<u>Expenses</u>				
Personnel	4,640,878	997,063	8,522,993	14,160,934
Operating	2,029,974	442,453	3,992,377	6,464,804
Purchased Equipment	5,955	6,750	114,350	127,055
Total Expenses	\$ 6,676,807	1,446,266	12,629,720	20,752,793
Excess (Deficiency) of Revenues Over Expenses	\$ 425,037	(464,776)	441,683	401,944

See accompanying notes to financial information.

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
COMMUNITY COUNSELING CENTER, INC.  
STATEMENT OF REVENUES AND EXPENSES  
FISCAL YEAR ENDED JUNE 30, 2001

	Community Support, Residential, and Acute Alternatives	Adult General Outpatient	Other Programs	Total
<u>Revenues</u>				
MHRH-CSS	\$ 281,329	-	-	281,329
MHRH-AGOP	163,480	31,979	-	195,459
DCYF	-	-	858,054	858,054
Other Grants & Contracts	146,172	14,281	43,615	204,068
Title XIX Medicaid	5,912,209	26,195	3,545,196	9,483,600
Municipalities	30,000	-	6,136,986	6,166,986
Donations	624	-	36,311	36,935
Resident Fees	118,594	-	-	118,594
Program Fees	140,904	30,074	111,250	282,228
Third Party Fees	78,920	680,182	4,172	763,274
Total Revenues	\$ 6,872,232	782,711	10,735,584	18,390,527
<u>Expenses</u>				
Personnel	4,520,207	748,122	6,927,356	12,195,685
Operating	1,774,641	374,000	3,486,355	5,634,996
Purchased Equipment	3,000	15,700	604,650	623,350
Total Expenses	\$ 6,297,848	1,137,822	11,018,361	18,454,031
Excess (Deficiency) of Revenues Over Expenses	\$ 574,384	(355,111)	(282,777)	(63,504)

See accompanying notes to financial information.

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
 COMMUNITY COUNSELING CENTER, INC.  
 STATEMENT OF OPERATIONS - TITLE XIX PROGRAM  
 FISCAL YEARS ENDED JUNE 30, 2002 AND 2001

	<u>Fiscal Year Ended June 30</u>	
	<u>2002</u>	<u>2001</u>
<u>Beginning Balance</u>	\$ -	-
Revenues Received Designated for Programs	<u>9,523,728</u>	<u>9,483,600</u>
<u>Revenues Applied:</u>		
Community Support and Related Services	5,891,801	5,912,209
Adult General Outpatient Program	17,933	26,195
Other Programs	<u>3,613,994</u>	<u>3,545,196</u>
Total Applied	<u>9,523,728</u>	<u>9,483,600</u>
<u>Ending Balance</u>	\$ <u>-</u>	<u>-</u>

See accompanying notes to financial information.

:SP-6c

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
COMMUNITY COUNSELING CENTER, INC.  
STATE MATCHING PROGRAM  
DETERMINATION OF OVER (UNDER) PAYMENT OF STATE MATCHING FUNDS  
FISCAL YEARS ENDED JUNE 30, 2002 AND 2001

	Fiscal Year Ended June 30			
	<u>2002</u>		<u>2001</u>	
<u>State Funds Allocated</u>				
Adult General Outpatient Services	142,498		149,699	
Community Support, Residential and Acute Alternatives	<u>142,498</u>	<u>284,996</u>	<u>149,699</u>	<u>299,398</u>
Matchable Revenues - Fiscal Years Ended June 30, 2000 and 1999		<u>3,845,704</u>		<u>3,209,643</u>
<u>Determination of Over (Under) Payment of State Funds:</u>				
State Funds Allocated (Note 2)		284,996		299,398
Deduct lesser of:				
(a) Applicable Percentage of Matchable Revenues	284,996		299,398	
(b) State Funds Allocated	284,996		299,398	
Maximum Support - lessor of A or B (Note 3)		<u>284,996</u>		<u>299,398</u>
Over (Under) Payment of State Matching Funds		<u>-</u>		<u>-</u>

See accompanying notes to financial information.

:SP-6d

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
COMMUNITY COUNSELING CENTER, INC.  
FISCAL YEARS ENDED JUNE 30, 2002 AND 2001

**NOTES TO FINANCIAL INFORMATION**

**Note 1 - Significant Accounting Policies**

Basis of Accounting:

The financial information is presented on the accrual basis of accounting which is in compliance with the Division of Behavioral Healthcare Service's Rules, Regulations and Standards for Funding of Matching Grant Programs in Community Mental Health Centers. Under this basis, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

**Note 2 - State Funds Allocated - Exhibit D**

These amounts represent the total of the matching grants encumbered by the Department of MHRH for the operation of Community Counseling Center, Inc.

**Note 3 - Maximum Support - Exhibit D**

State funds allocated are subject to the lesser of the following:

- A. 7.411% and 9.328% of the matchable revenues for the fiscal years ended June 30, 2000 and 1999; respectively.
- B. The maximum state funding as determined above cannot exceed the dollar amount originally allocated for the respective fiscal year.

**Note 4 - Other Programs**

This category represents funding from sources other than MHRH - Division of Behavioral Healthcare Service's Mental Health Programs.

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
COMMUNITY COUNSELING CENTER, INC.  
STATE MATCHING PROGRAM  
SCHEDULE OF MATCHABLE AND NONMATCHABLE REVENUES  
FISCAL YEARS ENDED JUNE 30, 2002 AND 2001

	Fiscal Year Ended June 30	
	<u>2002</u>	<u>2001</u>
<u>State of Rhode Island</u>		
Adult General Outpatient Program	\$ <u>188,258</u>	<u>195,459</u>
Total	188,258	195,459
 <u>Matchable Revenues</u>		
Local Communities	7,176,668	6,125,678
Contributions	<u>1,025</u>	<u>935</u>
Total Matchable Revenues (For Fiscal Years Ending June 30, 2004 and 2003)	7,177,693	6,126,613
 <u>NonMatchable Revenues</u>		
Title XIX Program	9,523,728	9,483,600
Community Support, Residential & Acute Alternatives	631,450	281,329
Residential & Program Fees	574,110	400,822
Other Programs	2,099,493	1,139,430
Third Party Fees	<u>960,005</u>	<u>763,274</u>
Total NonMatchable Revenues	<u>13,788,786</u>	<u>12,068,455</u>
Total Revenues (Exhibit A & B, Respectively)	\$ <u><u>21,154,737</u></u>	<u><u>18,390,527</u></u>

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
COMMUNITY COUNSELING CENTER, INC.  
FISCAL YEARS ENDED JUNE 30, 2002 AND 2001

**FINDINGS**

**Net Operations**

Net operating results for the Center's programs for the fiscal years ended June 30, 2002 and 2001 are summarized below:

Revenue Excess (Deficiency) - Exhibit A

<u>Program</u>	<u>2002</u>	<u>2001</u>
Community Support, Residential, and Acute Alternatives	\$ 425,037	574,384
Adult General Outpatient	(464,776)	(355,111)
Other Programs	<u>441,683</u>	<u>(282,777)</u>
Total Revenue (Deficiency)	\$ <u>401,944</u>	\$ <u>( 63,504)</u>

**Community Support, Residential, and Acute Alternative**

The Community Support, Residential, and Acute Alternatives Program has revenues exceeding expenditures in the amounts of \$425,037 and \$574,384 for the fiscal years ended June 30, 2002 and 2001, respectively. The Department of Mental Health, Retardation and Hospitals determine the use or disposition of excess revenues.

**State Matching Program**

It was determined that there was no over or under payment of state matching funds during the period reviewed. (See Exhibit D)

Matchable Revenues were audited for fiscal years ended June 30, 2002 and 2001 and are summarized as follows:

	<u>2002</u>	<u>2001</u>
Municipal Revenue	\$ 7,176,668	\$ 6,125,678
Net - Contributions	<u>1,025</u>	<u>935</u>
Total Matchable Revenue	\$ <u>7,177,693</u>	\$ <u>6,126,613</u>

Funds received in fiscal years ended June 30, 2002 and 2001 will be the basis for determining state funds allocated by the Department of MHRH for the fiscal years ending June 30, 2004 and 2003, respectively.

Community Counseling Center, Inc., receives payments for services provided in the catchment area of its affiliate Mental Health Services of Cranston, Johnston and Northwestern Rhode Island, Inc. (MHS). MHRH previously allowed \$946,192 and \$565,789 of these verified matchable payments generated in fiscal years 2002 and 2001, respectively; in the MHS catchment area to be credited to MHS for matching by MHRH in fiscal years 2004 and 2003, respectively.

### **Revenue Deficiencies**

It is our understanding that each contract stands on its own and that any expenses in excess of the contracted amounts be absorbed by the provider.

During the period audited the following Division of Behavioral Healthcare Services contracts had revenue deficiencies (See Exhibits A and B):

2002 - Adult General Outpatient	\$ (464,776)
2001 - Adult General Outpatient	\$ (355,111)